

ParticipantDistributions

Severance of Employment



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Important Note:

Although every effort is made to keep the information in this booklet current, it is subject to change without notice. Federal, state and local tax laws are continually revised and updated, and new Plan provisions may be adopted at any time.



I Have Severed Employment ... What Do I Do Now?

Upon severance of employment, the money you have accumulated through your retirement Plan account becomes available to you. You have many choices as to how you can receive this money. Only you can make this very personal decision after careful consideration of several factors, including your age, financial needs and other sources of income.

Please study each of your distribution options in order to choose the one that best suits your financial needs. If you need further clarification, call KeyTalk® to speak with a registered representative.¹ While our registered representatives are able to

explain the options to you, they are not able to tell you which payout and tax withholding method is best for you. We strongly urge you to consult with an accountant, financial planner and/or tax adviser before making your final decision.

Once you've made your final decision, please mail your completed forms to the address listed on each form. *For distributions due to severance from employment, receipt of an appropriately completed distribution request and confirmation of your date of severance of employment are required before your request for disbursement can be processed.*

Reminder

Please remember to inform Great-West Retirement Services® of any address changes as soon as possible.

To change your address, call KeyTalk and speak with a registered representative to update your address and phone number.¹

¹ Access to KeyTalk and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

What Are My Distribution Options?

Defer Distribution

Postpone My Distribution Until Later

Unless the Plan specifies otherwise, you must begin receiving a required minimum distribution (RMD) by April 1 of the year following the year in which you reach age 70½ or sever employment, whichever occurs later. If you choose to defer distributions, the balance of your account will continue to accumulate tax deferred, and you will continue to be able to transfer balances among the various investment options available in the Plan. And depending on the payment option you select, you may be able to continue to make such transfers even after you begin taking distributions.

When you are ready to receive a distribution, you will be able to select from the payout options available under your Plan at that time.

Lump-Sum Payment Options

Full Lump-Sum Distribution

If you select a full lump-sum distribution, the full vested value of your account will be distributed.

Unless you elect a direct rollover of all or a portion of the distribution, the distribution will be paid to you. Any funds not directly rolled over, consisting of before-tax contributions, employer match, if any, and earnings, will be **fully taxable to you in the year the funds are distributed**. Federal income tax is generally withheld at a rate of 20% of the gross amount. State income tax will be withheld as applicable. See page 8 for further details on taxation.

Partial Lump-Sum Distribution

You may elect to take a portion of your balance as a distribution. **This option is fully taxable to you in the year the funds are distributed**. Federal income tax is generally withheld at a rate of 20% of the gross amount. State income tax will be withheld as applicable. See page 8 for further details on taxation.

If you wish to receive a subsequent partial lump-sum payment, complete a Distribution Request Form for the amount you wish to receive.

Periodic Payment Options

Periodic Payment of an Amount Certain

You designate the dollar amount that you wish to receive on a regular installment basis (monthly, quarterly, semi-annually or annually). Payments to you will continue until your account balance is zero. The number of payments you receive will vary depending on the rate of return of your investments. After you reach your RMD beginning date, you must ensure that the periodic payment amount you receive will deplete your account over a time period not to exceed your life expectancy.

Periodic Payment of a Period Certain

With the period certain periodic payment option, you will receive payments on a regular basis depending upon the frequency you choose (monthly, quarterly, semi-annually or annually). Payment amounts depend on the length of time you choose to receive payments, the frequency you choose and the rate of return of your investment options.

Your payment amount is calculated by dividing your current vested account balance by the number of remaining payments.

Your payment is recalculated each time a payment is distributed; therefore, your payment will not be the same amount each time. The payment amount will depend on the account value, which may fluctuate depending upon the performance of the investments that you have chosen. With this payment method, your balance will be zero by the end of the term you select. The payment term you select should not exceed your life expectancy.

If you currently receive a periodic payment and wish to change it, please complete the Distribution Request Form to indicate your new periodic payment schedule. Please note that an additional administrative charge may apply for each change to your periodic payment after two changes have been made during the calendar year. Please allow approximately 30 days for changes to take effect.

Each payment is calculated as follows:

$$\frac{\text{Current Vested Account Balance}}{\text{Number of Remaining Payments}}$$

Annuity Payment Options

An annuity is a payment option that can guarantee you a retirement income for life or a limited, defined period. If your Plan provides for annuity options, you can elect an annuity option and receive payments on a regular basis. Upon retiring, you can request an annuity quote from Great-West Retirement Services. If you select a life annuity, the annuity quote will illustrate your lifetime annuity payment based on your life expectancy, account value and current annuity rate.

A fixed annuity will provide you with a payment amount that will not change for as long as the annuity period continues. Annuity payments are made by the insurance company issuing the annuity. The insurance company issuing the annuity payments will withhold any applicable federal income tax and issue tax reporting forms.

If you wish to elect an annuity, please call KeyTalk and speak with a registered representative to request the required forms.

Fixed Life Annuity

With a fixed life annuity, you will receive monthly annuity payments for the rest of your life. This fixed annuity payment option provides the highest fixed annuity payments available. However, there is no guaranteed minimum number of payments, nor is there a provision for a death benefit to your beneficiary. **Once you elect this method and distributions begin, your election becomes irrevocable.**

Fixed Life Annuity with Period Certain

You will receive monthly annuity payments for the guaranteed annuity payment period you select (5, 10, 15 or 20 years) or for your lifetime, whichever is longer. Upon your death, payments remaining under the guaranteed period (if any) will be paid to your beneficiary. **Once you elect this method and distributions begin, your election becomes irrevocable.**

Joint and Survivor Life Annuity

You will receive a guaranteed life income. Upon your death, your designated survivor, if living, will continue to receive payments for his/her life equal to 100%, 66²/₃% or 50% of your payment, depending on the percentage you select. Upon your death and the surviving second annuitant's death, all payments cease. If your designated second annuitant does not survive you, all payments cease upon your death. **Once you elect this method and distributions begin, your election becomes irrevocable.**

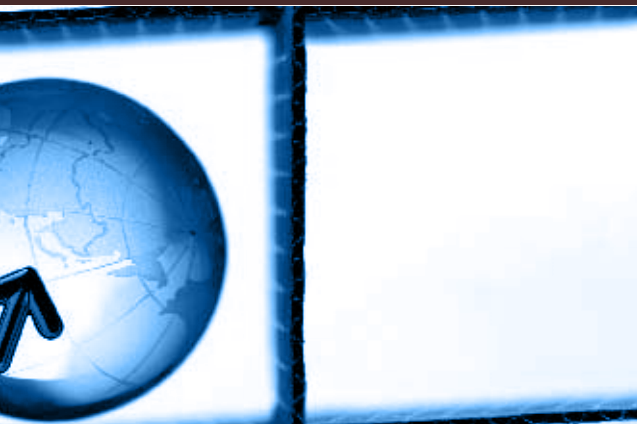
Joint and Survivor with Guaranteed Period Certain

You will receive monthly annuity payments for life. Upon your death, your surviving designated second annuitant will continue to receive payments at 100%, 66²/₃% or 50% of your payment, depending on the percentage you select. Upon your death and your second annuitant's death, any payments remaining under the guaranteed payment period you selected (5, 10, 15 or 20 years) will be paid to a named beneficiary. **Once you elect this method and distributions begin, your election becomes irrevocable.**

Designated Period Certain Annuity

You will receive an income for the designated period of your choice. It does not provide you with income for your lifetime. If you should die before the end of the designated period, the remaining payments will be made to your beneficiary. Your payments will stop at the end of the designated period. **Once you elect this method and distributions begin, your election becomes irrevocable.**

To request an annuity quote, call KeyTalk and speak to a registered representative.¹



Combination Options

At the time you elect your distribution method, you can specify a combination of payment options for portions of your account balance.

Partial Lump-Sum and Periodic Payment or Annuity

You can withdraw less than 100% of your balance as a partial lump-sum payment after severance of employment and then also elect a periodic payment or annuity payment option, if the Plan allows, for the remaining balance. Unlike an annuity, the periodic payment option allows you to keep your remaining balance in the investment options available under the Plan.

Periodic Payment and Annuity

You can elect to have part of your balance applied to any type of periodic payment and the remaining balance applied to any type of annuity. This combination option allows you to have different types of payouts as your needs dictate.

Periodic Payment and Future Partial Lump-Sum Distributions

If you elect to receive periodic payments and in the future wish to receive a partial lump-sum payment from your balance, complete the Distribution Request Form to receive the partial lump-sum payment. The partial payment will not affect your periodic payment schedule, but it will affect the time remaining for your periodic payments if you choose an amount certain. It will also affect the payment amount if you elected a period certain or life expectancy payout option.

Series of Partial Lump-Sum Payments

You may elect partial lump-sum payments at different times as your needs dictate. Complete the Distribution Request Form each time you wish to receive a partial lump-sum payment.



Rollovers

Rollovers to Other Employer-Sponsored Plans

When you become eligible to take a distribution upon severance of employment, you may elect to roll over your balance, partially or wholly, to another eligible 401(a), 401(k), 403(b) or governmental 457(b) plan if your new employer's plan accepts such rollovers.

Rollovers to IRAs

When you become eligible to take a distribution upon severance of employment, you may elect to roll over your balance, partially or wholly, to an Individual Retirement Account (IRA) with a financial institution of your choice.

When you roll over your funds to an IRA, or 401(a), 401(k), 403(b) or 457 plan, if you are under age 59½ and subsequently request a distribution from the plan that received your rollover funds you may be subject to an additional 10% penalty tax, as well as the ordinary federal and state income taxes.

Please contact your Great-West Retirement Services representative if you wish to discuss your rollover options.

You should carefully evaluate the features of the receiving plan as there may be higher fees and/or lower-quality investment choices in your new provider's plan.

Death Claims

Your designated beneficiary will receive any remaining funds in your account upon your death. The following table illustrates the options available to your beneficiary upon your death. Unless your Plan specifies otherwise, your designated beneficiary, if an individual, also has flexibility in choosing from the distribution options available to you. If your designated beneficiary is not an individual (i.e., an estate, trust, etc.), distribution of the entire account generally must be made by the end of the calendar year which is five years after your death.

If Great-West Retirement Services is the beneficiary recordkeeper for your Plan, please remember to inform Great-West Retirement Services of any beneficiary changes as soon as possible.

To change your beneficiary, call KeyTalk to order a Beneficiary Designation Form from your registered representative.¹

Receive the balance in one of the following ways:²

	Beneficiary is spouse only ⁶	Beneficiary is non-spouse ⁶	Beneficiary is non-individual (i.e., estate, trust, charity, etc.) ⁶
Defer Distributions	Yes ³	No ⁴	No ⁵
Full Lump Sum	Yes ³	Yes ⁴	Yes ⁵
Partial Lump Sum	Yes ^{3,6}	Yes ⁴	Yes ⁵
Periodic Payments	Yes ^{3,6}	Yes ⁴	Yes ⁵
Annuity	Yes ^{3,6}	Yes ⁴	Yes ⁵
Roll Over to Another Plan	Yes ⁷	Yes ⁴	No

² This table only applies if the participant dies prior to age 70½.

³ Payment can be deferred until the participant would have attained age 70½ or until the end of the calendar year following his/her death, whichever is later.

⁴ In general, if the non-spouse beneficiary does not elect periodic or annuity payments commencing before the end of the calendar year following the calendar year of the participant's death based on a period no longer than the beneficiary's life expectancy, distribution is required within five years of the participant's date of death.

⁵ If the designated beneficiary is not an individual (i.e., estate, trust, etc.), distribution of the entire account generally must be made by the end of the calendar year which is five years after the participant's death.

⁶ The IRS requires beneficiaries to take a minimum payment based on a period of no longer than the beneficiary's life expectancy. Rules may vary depending on the type of beneficiary. Please contact your registered representative for additional details.

⁷ Minimum distributions are not eligible for rollover.

Not all distribution options are available under all Plans. Please check with your Great-West Retirement Services representative for your Plan's payment options.

Required Minimum Distribution (RMD) Rules

In order to comply with U.S. Treasury regulations, you must receive at least the minimum amount required at your required beginning date (RBD). Your RBD is April 1 of the calendar year following the calendar year in which you reach age 70½ or sever employment, whichever is later. If you wait until April 1 of the calendar year following the calendar year in which you attain age 70½, you will be required to take a second distribution by December 31 of the same calendar year.

Depending on the distribution options available with your Plan, you can choose from the distribution options already discussed in this brochure to meet the RMDs.

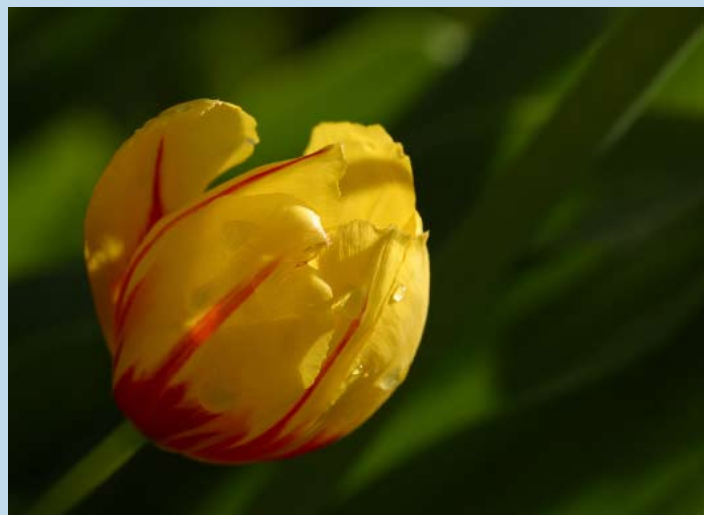
The IRS may impose a 50% excise tax penalty on amounts that should have been distributed under the RMD rule but were not.

Great-West Retirement Services does not assume any responsibility or liability for ensuring that minimum distribution amounts are elected in a timely manner. You are solely responsible for ensuring that minimum distribution amounts are elected in a timely manner. In addition, you are solely responsible for calculating the proper amount of the minimum distribution you must take each year unless you elect the automated minimum distribution payment option. We strongly advise you to consult with a tax adviser.

Automated Minimum Distribution Option

The automated minimum distribution option enables you to automatically meet RMD rules.

If you would like your minimum distribution amount to be calculated automatically and distributed to you each year, request the Automated Minimum Distribution Request Form from your registered representative. Complete the form and mail it to the address listed on the form. You will automatically receive periodic payments, which are calculated by dividing your prior year's December 31 account balance by the life expectancy table figures contained in the applicable Treasury regulations, using your age in the year of distribution. You only have to complete the form once.





Outstanding Loan Payoff

In general, if you have an outstanding loan on your account at severance of employment, you must either pay off the outstanding loan balance (all unpaid principal and/or interest) or treat your outstanding loan balance as a taxable distribution by checking the appropriate box on the Distribution Request Form or Loan Offset Form.

Tax Withholding Rules

Distributions are considered ordinary taxable income by the Internal Revenue Code. If the distribution you elect is an eligible rollover distribution and you do not elect to directly roll it over to another eligible retirement plan, the regulations require that federal income tax be withheld at a rate of 20% of the gross taxable amount you request. State income tax withholding is applicable as mandated by your state of residence. Your state of permanent residence may or may not require mandatory withholding. Unless you elect an annuity, Great-West Retirement Services will withhold state income taxes according to the state of your primary residence. You may elect to have more state or federal income tax withheld. Depending upon your personal circumstances, you may or may not owe additional income tax on your distribution(s) when you file your tax returns.

Special note for participants electing a periodic payment of a period certain of 10 years or more: Your payments are not considered to be eligible rollover distributions.

Therefore, you can submit an IRS Form W-4P, “Withholding Certificate for Pension or Annuity Payments,” to elect withholding that is appropriate for your tax situation. If a W-4P is not submitted with your request, Great-West Retirement Services will default your federal income tax withholding to a status of married with three allowances. You may obtain a W-4P by calling the IRS at (800) IRS-FORM or visiting www.irs.gov.

Tax Forms

You will be mailed a Form 1099-R by January 31 of the year following any year in which you receive a distribution. If you do not receive a Form 1099-R by February 15 after a year in which you received a distribution, please call KeyTalk to request a duplicate. Great-West Retirement Services is responsible for issuing your 1099-R unless annuity payments are being made to you from a different insurance company. Forms 1099-R for annuity payments are issued by the annuity provider.

Not all distribution options are available under all Plans. Please check with your Great-West Retirement Services representative for your Plan's payment options.

Glossary of Terms

Beneficiary

Your beneficiary is the person you specify to receive proceeds or benefits upon your death (if applicable to the payment option you choose). Your primary beneficiary is the person who will receive benefits or the remainder of the benefits in the percentage that you specify. If the primary beneficiary predeceases you, your contingent beneficiary(ies) will receive benefits or the remainder of the benefits in the percentage(s) that you specify.

Eligible Rollover Distribution/Direct Rollover

The following types of distributions are eligible for rollover:

- Lump-Sum Distributions
- Partial Distributions
- A series of payments lasting less than 10 years

The following types of distributions are not eligible for rollover:

- Required Minimum Distributions, including any annuity payments made after age 70½
- A series of payments lasting 10 years or more
- A series of payments based on life or life expectancy
- Corrective distributions of excess contributions

A direct rollover allows you to directly roll over your account balance to another employer's plan or IRA that accepts such rollovers. Eligible rollover distributions that are directly rolled over are not subject to federal income tax withholding or taxation.

Fixed Annuity Payment

A fixed annuity is an investment from which you receive payments of a guaranteed dollar amount for the duration of the annuity. Once you begin this method of distribution, you cannot change to another method.

Full Lump-Sum Payment

The full lump-sum distribution option distributes your entire vested account balance at one time.

Periodic Payment

The periodic payment option allows you to withdraw money in installments without purchasing an annuity. You can keep your funds invested in the investment options available under the Plan and transfer funds among those options.

Required Beginning Date (RBD)

The RBD is the latest date on which you can elect distributions to begin. The Internal Revenue Code states that you must begin your distributions no later than April 1 of the calendar year following the year in which you reach age 70½ or sever employment, whichever occurs later.

Severance of Employment

The date the employee dies, retires, or otherwise severs employment with the employer as determined by the Plan administrator.

Please visit your Plan's Web site or contact your registered representative for more information.



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